BRITISH COLUMBIA
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BCStats

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Exports ◆ December 2010

- The value of British Columbia origin exports rebounded 14.5% in 2010 after a substantial slump a year earlier; however, shipments are still well off the pace set in 2008 (-13.2%).

- Exports to the United States remained fairly sluggish in 2010, only partially recovering from a 26.6% drop in 2009 with a 2.5% increase in 2010. However, growth in exports to most other major destinations was far more robust, particularly to countries in the Pacific Rim. Shipments to Mainland China soared 62.7% in 2010, and exports to Japan (+20.3%), Hong Kong (+19.2%), Australia (+22.4%) and South Korea (+13.5%) all experienced double-digit growth. Shipments to India jumped 74.4%, recovering much of the ground lost a year earlier. Exports to the European Union rose 19.1%, while shipments to South America climbed 22.3%.

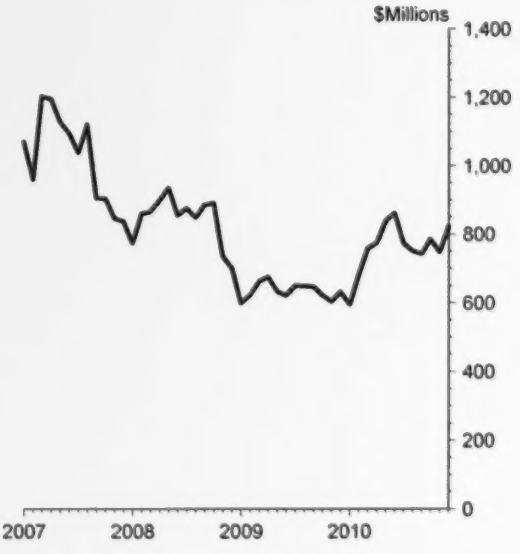
- Exports of metallic mineral products grew 26.7%, including a 38.9% boost in shipments of copper ores and concentrates, a 39.1% rise in exports of unwrought zinc and a 17.3% jump in shipments of molybdenum ores and concentrates. Unwrought aluminum bucked the trend, with exports of that good dipping 3.1%. Shipments of all other metallic mineral products climbed 19.8%.

- BC's forest sector regained some of the ground lost in 2009, with a 23.7% increase in exports of solid wood products and a 15.7% rise in shipments of pulp and paper products. A jump in exports of softwood lumber (+29.4%) has driven most of the growth in solid wood exports, although logs (+50.0%) and "other" solid wood products (+23.5%) have also experienced significant increases in shipments. Pulp (+42.2%) has been responsible for all the growth in pulp and paper exports as paper exports have slumped 22.6%.

- A 23.6% jump in shipments of coal helped drive overall energy product exports up 16.8% in 2010. Electricity exports moved in the opposite direction, falling 23.6%. Natural gas (+6.0%) and other energy products (+25.3%) also saw an increase in shipments.

- Machinery and equipment shipments climbed 5.0% in 2010, due to strong growth in shipments of motor vehicles and parts (+19.9%), electrical, electronic and communications equipment (+8.0%) and scientific, photographic and measuring equipment (+10.8%).

BC's forest product exports rebounded from a major slump in 2009, but were still well below the levels seen just a few years ago

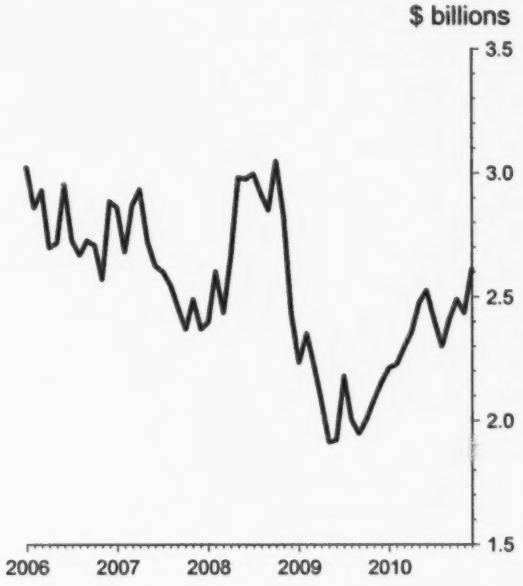


SEASONALLY ADJUSTED EXPORTS

Seasonal adjustment supplies a means of making month-to-month comparisons by removing the regular periodic seasonal fluctuations that occur. Variations from normal seasonal patterns are revealed in the seasonally adjusted data series.

- BC's exports saw their strongest growth in well over a year in December, climbing 7.3%. Most of the growth was in shipments overseas (+12.4%) as exports to the US edged up only 0.7%. Energy products, particularly coal, were responsible for a significant portion of the growth, as shipments of those goods jumped 12.4%. However, there was strong growth across the board for all major product categories, including a 5.6% rise in exports of forest products, 6.1% growth in machinery, equipment and automobile exports and a 6.2% increase in exports of industrial and consumer goods.

Exports (adjusted for seasonality) experience strong growth in December



BC Exports, Seasonally Adjusted ($Millions)

Month	Agriculture & Fish	Energy	Forest Products	Machinery& Equip, Auto	Industrial, Consumer	Total	Exports to USA
Dec 2008	207	760	690	315	456	2,429	1,280
Jan 2009	211	613	638	302	471	2,234	1,232
Feb	210	744	621	288	489	2,351	1,224
Mar	200	618	598	272	534	2,222	1,102
Apr	194	576	604	268	439	2,080	1,055
May	196	490	556	273	398	1,913	1,053
Jun	193	487	553	255	434	1,922	989
Jul	206	620	585	272	497	2,180	1,046
Aug	176	509	593	252	473	2,003	1,004
Sep	164	493	589	227	475	1,948	1,005
Oct	182	483	583	248	512	2,008	1,035
Nov	178	512	602	250	544	2,085	1,080
Dec	177	589	608	254	529	2,157	1,085
Jan 2010	177	627	641	259	509	2,213	1,118
Feb	193	572	675	245	541	2,227	1,086
Mar	192	593	675	254	581	2,296	1,132
Apr	187	635	714	262	559	2,357	1,118
May	186	707	736	260	587	2,476	1,156
Jun	187	742	780	271	544	2,525	1,207
Jul	196	715	715	271	507	2,405	1,091
Aug	208	599	691	267	535	2,299	1,096
Sep	227	723	686	277	499	2,413	1,025
Oct	212	658	748	274	598	2,490	1,068
Nov	202	610	752	276	594	2,435	1,067
Dec	208	686	793	293	631	2,611	1,074

The Impact of E-Commerce on BC's Trade

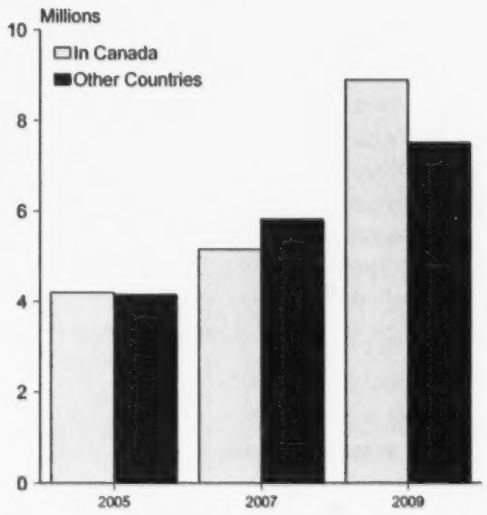
The use of the Internet has become almost ubiquitous in the last decade. Data from Statistics Canada's *Canadian Internet Use Survey* indicate that over 85% of British Columbians used the Internet in 2009, up from 69% just four years earlier and significantly higher than the national average of 80%.

As the Internet has grown, so too has commerce over the Internet. The initial reluctance of users to trust electronic transactions over the Internet, particularly those involving credit cards, appears to have faded for the most part. In British Columbia, in 2009, 78% of Internet users shopped on the Internet. While many of those users engaged only in window shopping, 70% of Internet shoppers in BC actually made an online purchase (55% of all Internet users in the province, regardless of whether or not they were shoppers).

E-commerce has blurred international boundaries for shoppers as it is almost as easy to buy products online from retailers in other countries as it is to buy from those in Canada (there can be some minor issues related to shipping costs and taxation that may still make it easier to purchase within Canada). This relatively new form of international trade is growing as consumers discover they have more choice and can often find better prices, particularly for products that are not widely available. Retailers and manufacturers have benefited as well, with the Internet offering up a much larger marketplace for their products and also simplifying the process of finding the lowest cost producer for inputs to their products. The expanded marketplace offered by e-commerce has also allowed companies to focus on niche markets and to achieve economies of scale that would not otherwise be possible if they were only serving the domestic market.

In 2009, Internet shoppers from BC made around 16.4 million online purchases of goods and services at a value of almost $2.8 billion. Of those purchases, about 7.5 million were orders to companies in other countries. That represents almost 46% of all online transactions made by BC consumers. This is actually a significant decline from 2007, when 53% of all e-commerce transactions by BC consumers were with companies in other countries. This could be an indication that Canadian retailers have expanded their presence on the Internet.

In 2009, around 46% of orders over the Internet by BC consumers were to companies in other countries

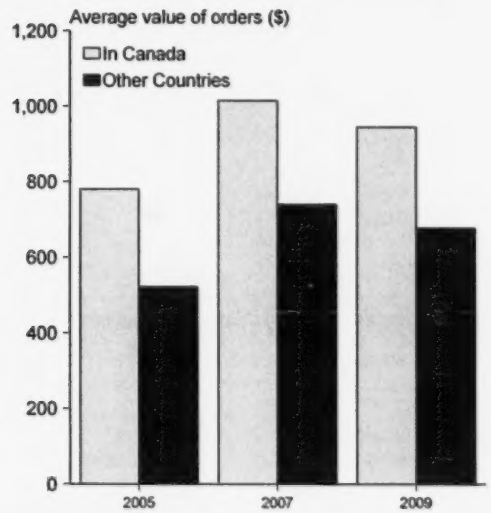


Source: Statistics Canada's *Canadian Internet Use Survey*

The average value of orders over the Internet by BC consumers to companies in other coun-

tries was significantly lower than that of online purchases with companies within Canada, such that a smaller proportion of the overall value of online sales was on orders outside Canada. In 2009, 42% of the value of e-commerce purchases by BC residents was on orders to companies in other countries. These orders represented an import value of almost $1.2 billion.

The value of orders over the Internet from BC to companies in Canada tends to be higher than that of orders to companies in other countries

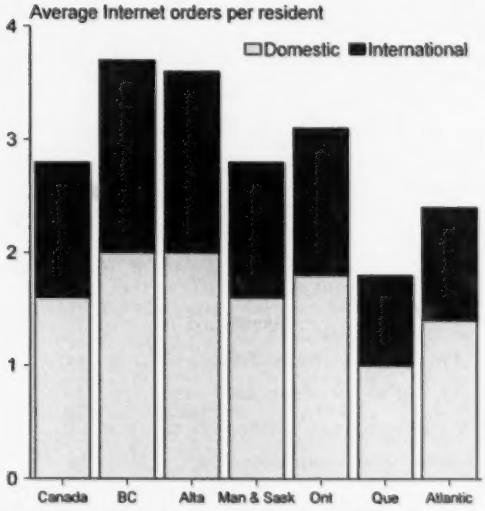


Source: Statistics Canada's *Canadian Internet Use Survey*

While data by type of purchase are not available for British Columbia specifically, there is information on the types of goods and services purchased online by Canadians as a whole. Of Internet shoppers that made an online purchase in 2009, almost 49% made travel arrangements, such as booking a hotel room, purchasing travel tickets or renting a car. The second most common online purchase was for entertainment products such as concert or theatre tickets. Approximately 40% of Canadian online shoppers made this type of purchase. Books, magazines and online newspapers ranked third, with just over 35% of Canadians that purchased something online buying these goods.[1] About a third (33%) of online shoppers purchased clothing, jewellery and accessories. Perhaps surprisingly, given that the Internet seems perfectly suited to the download of these products, purchases of music (26%) and software (22%) ranked fifth and sixth respectively. It is possible that the availability of free music and software, from legal sources or otherwise, may have the effect of reducing their demand.

Compared to the rest of the country, consumers in British Columbia were more likely to order goods or services over the Internet. In 2009, BC residents made an average of 3.7 online purchases, compared to a national average of 2.8 orders per person.

In 2009, British Columbia residents tended to make more orders over the Internet compared to residents of other provinces



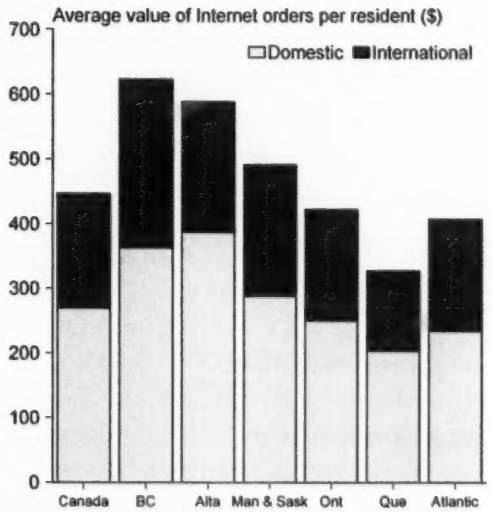
Note: Internet orders from Statistics Canada's *Canadian Internet Use Survey* divided by 2009 population figures

[1] Note that these numbers do not add to 100% as online shoppers may have purchased two or more types of these goods or services.

British Columbia residents were also marginally more likely to make online purchases of goods or services from vendors in other countries, averaging 1.7 orders per person, compared to an average of 1.2 for Canada as a whole.

Consumers in British Columbia also tended to spend more on online purchases compared to those in other provinces, particularly for goods and services provided by companies in other countries. In 2009, the average BC consumer spent $623 on purchases over the Internet, of which $260 was spent on orders to companies in other countries. This is compared to the Canadian average of only $447 per person on overall online purchases and an average of $178 on Internet orders outside of Canada.

In 2009, British Columbia residents tended to spend more on orders over the Internet compared to residents of other provinces



Note: Value of Internet orders from Statistics Canada's *Canadian Internet Use Survey* divided by 2009 population

The online purchases of goods or services by BC residents represent "e-imports" into the province. Unfortunately, there is not a wealth of data available with regard to "e-exports" of goods and services from British Columbia. However, Statistics Canada data from 2007 indicates that around 19% of private sector sales over the Internet by Canadian vendors were to customers (both businesses and households) outside of Canada. For Internet sales by the public sector, the figure was 5%. Given that total private sector Internet sales by Canadian companies amounted to over $58 billion in 2007 and public sector sales were around $4.4 billion, the total value of Canadian e-exports was approximately $11.5 billion. While this amounts to only around 2% of total Canadian goods and services exports, it is still significant and represents substantial growth from just five years earlier when the value of e-exports was approximately $3 billion.

It is likely that e-commerce will continue to grow as more companies expand their online presence and stronger security measures are developed. Given the boundary-free nature of the Internet, any expansion in e-commerce will undoubtedly lead to further growth in international e-trade. While e-commerce comprises only a small portion of British Columbia's exports and imports now, that could change in the future.

Recent Feature Articles in Exports Release
Listed by Statistical Reference Date of Issue

10-11 *The Impact of E-Commerce on BC's Trade*
(released February 2011)

10-11 *Canada and India Start Discussion on Free Trade*
(released January 2011)

10-10 *BC's Export Picture Has Improved Over the Last Year*
(released December 2010)

10-09 *The Buck Stops Where? Are We in a Global Currency War?*
(released November 2010)

10-08 *China Could be a Huge Market for BC Forest Products*
(released October 2010)

10-07 *What Could Japan's Economic Woes Mean for Trade with BC?*
(released September 2010)

10-06 *Fifty Years of BC Exports: 1959 - 2009*
(released August 2010)

10-05 *Canada Okays Controversial Trade Deal with Colombia*
(released July 2010)

10-04 *Canada Has Shown No Rush to Trade with Russia*
(released June 2010)

10-03 *Energy Fuels BC's Trade with Washington State*
(released May 2010)

10-02 *Economic Downturn Kept the Lid on Container Traffic in 2009*
(released April 2010)

10-01 *Stormy Weather: BC Exports in 2009's Economy (released March 2010)*

09-12 *Provincial Export Comparison*
(released February 2010)

09-11 *BC's Exports to Oceania Watered Down in 2009*
(released January 2010)

09-10 *High Dollar Spurs Capital Investment*
(released December 2009)

09-09 *BC's Pulp and Paper Exporters Facing Challenges*
(released November 2009)

09-08 *China Continues to Buy BC Goods*
(released October 2009)

09-07 *Energy Exports are Powering Down...For Now*
(released September 2009)

09-06 *Adding Some Heat to Trade with India*
(released August 2009)

09-05 *Trade with the Other Americas*
(released July 2009)

09-04 *The State of Canada's Trade with the USA*
(released June 2009)

09-03 *British Columbia's Trade Balance Tipped in Favour of Imports*
(released May 2009)

09-02 *Fifteen Years of Free Trade with Mexico*
(released April 2009)

09-01 *Twenty Years of Free Trade with the United States*
(released March 2009)

08-12 *Canada Seeks Trade Deal with the European Union*
(released February 2009)

08-11 *Adversity Leads to Diversity*
(released January 2009)

08-10 *Import Content of BC's Exports*
(released December 2008)

08-09 *BC's Trade in High Technology Goods*
(released November 2008)

NOTES

Countries Included Within World Regions:

(1) Western Europe: United Kingdom, Ireland, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland.

(2) Eastern Europe: other Europe, including all of Russia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, etc.

(3) South East Asia: Malaysia, Brunei Darussalam, Singapore, Myanmar, Kampuchea, Laos, Indonesia, Philippines, Thailand, Vietnam.

(4) Africa: continental Africa, excluding Ethiopia, Libya, Somalia, Sudan, Egypt.

(5) South America: continental South America from Colombia and Venezuela south to Chile and Argentina, including offshore islands, but not Caribbean.

(6) Central America and Caribbean: from Guatemala and Belize to Panama, plus Caribbean Islands.

(7) Pacific Rim (including Japan): Japan, Hong Kong, Malaysia, Brunei Darussalam, Singapore, Laos, Mongolia, China, Indonesia, North Korea, South Korea, Philippines, Macau, Taiwan, Thailand, Vietnam, Australia, Fiji, New Zealand.

(8) Pacific Rim: as above, but excluding Japan.

(9) Middle East: from Turkey and Iran south through the Arabian Peninsula. Excluding Afghanistan and Pakistan, but including Cyprus, Ethiopia, Egypt, Somalia, Sudan and Libya.

The **European Union** is the membership as of January 1, 2007: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

'Selected Value-added Wood Products' category includes prefabricated houses, doors, windows, furniture, moulding, siding, etc. It does not include panel products, shakes, shingles or any pulp and paper products.

Revisions

Statistics Canada revises trade data for the previous three data years with release of the December data. The revision number is indicated in the footer of the tables (e.g., Rev 1 is the first annual revision, etc., and Prelim indicates it is the first release of data to December for that year). In addition to annual revisions, Statistics Canada revises the data for the previous data year every quarter (indicated in the footer by Rev Q1, etc) as well as with the release of the January and February data.

Service Offered for Detailed Trade Statistics

For BC government statistics users requiring more detailed information on exports or imports, a special report service is offered through the address below:

Dan Schrier
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Victoria, B.C. V8W 9V1
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This service is provided through the Trade Research and Inquiry Package (TRIP) computer reporting system. TRIP offers user-defined tabulations of export or import statistics for BC, Canada, the United States and other countries. Tabulations can include information on commodities, countries, US states, years, months, mode of transport, etc.